

**VODAFONE EUROPEAN INVESTMENTS**

**Company No: 3961908**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2011**

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## VODAFONE EUROPEAN INVESTMENTS

Company No: 3961908

### REPORT OF THE DIRECTORS

The directors submit their annual report and audited financial statements for the year ended 31 March 2011

#### Principal activity and review of business

The principal activity of Vodafone European Investments ("the Company") is to act as a holding company in respect of certain investments in the Vodafone Group and lending within the Vodafone Group Plc group of companies ("the Group") Vodafone European Investments is an unlimited company The directors do not anticipate that the business of the Company will change in the foreseeable future The directors are satisfied with the position and performance of the Company in the year

#### Results and dividends

The profit and loss account is set out on page 5 of the financial statements For the year ended 31 March 2011, there was a profit on ordinary activities after taxation of £4,337,000 (2010 profit of £5,497,000) The profit for the year has decreased compared to prior year primarily due to higher interest payable

During the year, the Company declared and paid interim dividends amounting to £10,200,000,000 (2010 £7,109,439,000)

#### Directors

The directors of the Company, who served throughout the year, unless otherwise indicated, are as follows

J C Morton  
P G Stephenson  
N A Wright

#### Auditor

Deloitte LLP have indicated their willingness to continue in office for the next financial year In addition the Company had, prior to 1 October 2007, passed an elective resolution dispensing with the requirement to re-appoint its auditor annually

#### Registered office

The registered office of the Company is Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England

# VODAFONE EUROPEAN INVESTMENTS

Company No: 3961908

## REPORT OF THE DIRECTORS (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Indemnification of directors

In accordance with the Company's articles of association and to the extent permitted by law the directors may be granted an indemnity from the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the directors may not be indemnified, Vodafone Group Plc maintained a directors' and officers' liability insurance policy throughout the financial period. This policy is renewed annually in August. Neither the Company's indemnity nor the insurance provides cover in the event that the director is proven to have acted dishonestly or fraudulently.

### Statement as to disclosure of information to auditor

Having made the requisite enquiries, so far as each of the directors is aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware, and each of the directors has taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The report of the directors was approved by the Board on 9 December 2011 and signed on its behalf by

  
PJB Dawe-Lane

for and on behalf of  
Vodafone Corporate Secretaries Limited  
Secretary

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**VODAFONE EUROPEAN INVESTMENTS**

We have audited the financial statements of Vodafone European Investments for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion of the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF**

**VODAFONE EUROPEAN INVESTMENTS (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Hadleigh Shekle (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

15 December 2011

**VODAFONE EUROPEAN INVESTMENTS**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2011**

		2011	2010
	Note	£'000	£'000
Administrative expenses and operating loss	2	(9)	(10)
Interest receivable and similar income	3	27,854	27,593
Interest payable and similar charges	4	<u>(21,821)</u>	<u>(19,948)</u>
Profit on ordinary activities before taxation		6,024	7,635
Tax charge on profit on ordinary activities	5	<u>(1,687)</u>	<u>(2,138)</u>
Profit for the year	11	<u><u>4,337</u></u>	<u><u>5,497</u></u>

The Company has no other recognised gains or losses in the current or preceding year and therefore no separate statement of total recognised gains and losses has been presented

All results derive from continuing operations

The accompanying notes are an integral part of these financial statements

## VODAFONE EUROPEAN INVESTMENTS

### BALANCE SHEET

AT 31 MARCH 2011

	Note	2011 £'000	2010 £'000
<b>FIXED ASSETS</b>			
Investments	7	41,547,692	41,395,221
<b>CURRENT ASSETS</b>			
Debtors	8	44,179,126	54,352,974
CREDITORS amounts falling due within one year	9	<u>(4,036,551)</u>	<u>(4,014,736)</u>
NET CURRENT ASSETS		<u>40,142,575</u>	<u>50,338,238</u>
NET ASSETS		<u>81,690,267</u>	<u>91,733,459</u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100,000	100,000
Share premium account	11	43,403,287	43,250,816
Profit and loss account	11	<u>38,186,980</u>	<u>48,382,643</u>
TOTAL SHAREHOLDERS' FUNDS	12	<u>81,690,267</u>	<u>91,733,459</u>

The financial statements were approved by the Board on 9 December 2011 and were authorised for issue and signed on its behalf by



Director

P G Stephenson

The accompanying notes are an integral part of these financial statements

**VODAFONE EUROPEAN INVESTMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1. Statement of accounting policies**

The particular accounting policies adopted are described below. The accounting policies have been applied on a consistent basis during the current and preceding year.

**Basis of preparation**

The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable UK Accounting Standards.

The financial statements are prepared in pounds sterling as this is the most appropriate functional currency for the Company's operations.

The directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

**Foreign currencies**

Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of those transactions, adjusted for the effects of any hedging arrangements. Foreign currency monetary assets and liabilities are translated into pounds sterling at year end rates.

All foreign exchange differences are recognised in the profit and loss account.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

**Cash flow statement**

In accordance with the provisions of Financial Reporting Standard 1 (Revised), a cash flow statement has not been prepared since the Company is a wholly owned subsidiary of Vodafone Group Plc, a company registered in England and Wales, which prepares consolidated financial statements that include the cash flows of the Company, and which are publicly available.

**Investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

**Current asset investments**

Investments classified as current assets are held at amortised cost.



**VODAFONE EUROPEAN INVESTMENTS**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2011**

**2. Administrative expenses and operating loss**

Fees for the audit of the Company's annual financial statements of £1,596 (2010 £1,596) were borne by the Company in the current year

The directors did not receive any remuneration from the Company in the financial year (2010 £nil)

There were no employees employed directly by the Company during the current or preceding year

**3 Interest receivable and similar income**

	2011	2010
	£'000	£'000
Parent company and fellow subsidiary undertakings	<u>27,854</u>	<u>27,593</u>

**4. Interest payable and similar charges**

	2011	2010
	£'000	£'000
Parent company and fellow subsidiary undertakings	<u>21,821</u>	<u>19,948</u>

**5. Tax charge on profit on ordinary activities**

	2011	2010
	£'000	£'000
UK corporation tax at 28% (2010 28%)	<u>1,687</u>	<u>2,138</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 28% (2010 28%)

The actual tax charge for the current and previous year is the same as the standard rate

With effect from 1 April 2011 the UK corporation tax rate is 26%

**6. Dividends**

	2011	2010
	£'000	£'000
Equity – interim on ordinary shares £102 per £1 share (2010 £71.09 per £1 share)	<u>10,200,000</u>	<u>7,109,439</u>

**VODAFONE EUROPEAN INVESTMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**7 Investments**

	2011
	£'000
Shares in group undertakings	
Cost	
As at 1 April 2010	59,505,662
Additions	304,942
Disposals	<u>(152,471)</u>
As at 31 March 2011	<u>59,658,133</u>
Impairment of fixed asset investments	
As at 1 April 2010 and 31 March 2011	<u>(18,110,441)</u>
Net book value	
As at 31 March 2011	<u>41,547,692</u>
As at 31 March 2010	<u>41,395,221</u>

At 1 April 2010 fixed asset investment comprised a 100% shareholding in the ordinary share capital of Vodafone International Operations Limited, a company registered in England and Wales

**8. Debtors**

	2011	2010
	£'000	£'000
Amounts owed by ultimate parent undertaking	3,930,192	3,907,676
Amounts owed by group undertakings	<u>40,248,934</u>	<u>50,445,298</u>
	<u>44,179,126</u>	<u>54,352,974</u>

**VODAFONE EUROPEAN INVESTMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**9. Creditors: amounts falling due within one year**

	2011	2010
	£'000	£'000
Amounts owed to ultimate parent undertaking	4,034,845	4,012,598
Amounts owed to group undertakings	19	-
Group relief payable	1,687	2,138
	<u>4,036,551</u>	<u>4,014,736</u>

**10. Called up share capital**

	2011	2010
	£'000	£'000
Allotted, called up and fully paid		
100,000,122 (2010 100,000,112) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

On 30 September 2010, the Company issued 10 ordinary shares of £1 each in the capital of the Company at a total premium of £152,470,989 as consideration for the acquisition of the entire shareholding in Vodafone Group Services Limited

**11. Reserves**

	Share premium account	Profit and loss account
	2011	2010
	£'000	£'000
1 April 2010	43,250,816	48,382,643
Dividends paid	-	(10,200,000)
Premium on new shares issued	152,471	-
Profit for the year	-	4,337
31 March 2011	<u>43,403,287</u>	<u>38,186,980</u>

## VODAFONE EUROPEAN INVESTMENTS

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 MARCH 2011

##### 12. Reconciliation of movements in shareholders' funds

	2011	2010
	£'000	£'000
Profit for the year	4,337	5,497
Dividends paid	(10,200,000)	(7,109,439)
New shares issued	152,471	-
Net movement in shareholders' funds	(10,043,192)	(7,103,942)
Opening shareholders' funds	91,733,459	98,837,401
Closing shareholders' funds	81,690,267	91,733,459

##### 13. Related party disclosures

The Company is a wholly owned subsidiary of Vodafone Group Plc and has taken advantage of the exemption granted by paragraph 3(c) Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with Vodafone Group Plc group companies or interests of the Group who are related parties

##### 14. Ultimate parent company

The immediate and ultimate parent company and controlling entity of Vodafone European Investments, and the smallest and largest group which prepares consolidated financial statements and of which the Company forms a part, is Vodafone Group Plc, a company registered in England and Wales. As a wholly owned subsidiary of a company registered in England and Wales, for which consolidated financial statements are prepared, the Company has taken advantage of Section 400 of the Companies Act 2006 and has not prepared consolidated financial statements

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2011 may be obtained from the company's website [www.vodafone.com](http://www.vodafone.com) or from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England